



The Manager
Companies Announcements Office
Australian Securities Exchange

26 April 2017

Dear Sir/Madam,

Wharf equipment purchase

Kangaroo Island Plantation Timbers Ltd (the Company) is pleased to announce that it has signed an agreement to buy a suitable floating pontoon to form the berth face of its proposed Smith Bay wharf.

The second-hand pontoon is a fully-ballastable steel barge, currently moored at Ulsan in South Korea. The pontoon meets the required specifications in size, steel thickness, capabilities and expected useful life.

The vendor is Hyundai Heavy Industries Co Ltd. The total purchase price is US\$2.9m, with the purchase terms involving a series of staged payments before final settlement in September 2017.

The purchase of a suitable piece of equipment at this time benefits the Company, because it ensures that the pontoon does not become a source of delay in delivering the finished project, and because it locks in a key cost component of the project, on budget.

The pontoon will need to be cleaned, refitted and painted before installation. If development consent for the Smith Bay wharf was not granted, the pontoon remains a valuable piece of equipment with a resale value and a variety of alternate uses.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "V Allinson", with a horizontal line extending to the right.

Vicky Allinson
Company Secretary

